

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
SHELBY DIVISION**

IN RE:)	16-40291
)	
FARR ENTERPRISES, INC.)	Chapter 11
)	
Debtor.)	DISCLOSURE STATEMENT

The Debtor/Debtor-in-Possession, Farr Enterprises, Inc. (hereinafter referred to as "Farr") filed a voluntary Chapter 11 petition on July 1, 2016.

Notice and order for relief were filed by the Court on July 1, 2016 with the first meeting pursuant to Section 341 held on August 19, 2016 at 1:00 p.m. in Shelby, North Carolina.

Pursuant to 11 USC Section 1125 of the Bankruptcy Code, Farr has prepared and filed this disclosure statement for the Court's approval for submission to the holders of claims or interests with respect to Farr and its assets.

The purpose of the disclosure statement is to provide the holders of claims against or interests in Farr with adequate information about Farr and the Plan to make an informed judgment about the merits of approving the Plan.

THE DEBTOR - HISTORY AND ORGANIZATION

The debtor/debtor-in-possession was organized under North Carolina law on February 25th, 1977. The primary purpose of Farr is to hold and operate the Mountain Harbor Marina on Lake James, North Carolina.

Farr's primary source of income is the rental of boat slips at the Mountain Harbor Marina, although Farr also generates income from the rental of camp sites located on the marina real property, the sale of gas, groceries, bait and miscellaneous boating and fishing equipment.

The existing equity interest holders of Farr acquired their equity interest in April, 2002. Subsequently, business operations over the years were continuously interrupted by two droughts, two hurricanes that resulted in total destruction by two severe floods. Poor economic conditions, high gasoline prices, a posted policy of "no camping" along the lake shoreline, lack of access to capital (despite best efforts), and high above market interest rates payable to secure creditors created a necessity of the filing of a Chapter 11 reorganization in 2010, docketed as Case No. 10-40075. The Chapter 11 Plan was confirmed, and provided for monthly payments on secured claims held by Morganton Federal Savings and Loan, and Reid and Patsy Scott, with an anniversary date after five years. The loan held by the Small Business Administration was to be paid on contract terms.

Since the confirmation of Farr's first Chapter 11 Plan, Farr has been operating successfully and profitably, and has fully complied with the terms and payments of the Chapter 11 Plan. The successful operation of the marina has resulted in increased equity and reduced debt, and Farr has taken on no additional debt since the confirmation of its first Chapter 11 Plan. The successful, profitable operation of Farr has been despite natural disasters which affected its income, including a draw down of Lake James to fix dams, a micro burst on August 3, 2012, which destroyed the whole dock system, a flood on May 13, 2013, and continuous rain that forced closure of the marina on the week of the 4th of July, which is Farr's busiest week of the year. Necessary repairs from the disasters were made to daily operations and a substantial payment was made to Morganton Federal Savings and Loan.

In anticipation of the five year anniversary date provided for in Farr's first Chapter 11 Plan, Farr's officers sought refinancing. Among other efforts, Farr sought refinancing from the Small Business Administration, but the loan could not be approved since Farr collects rent annually and not monthly, which is a requirement for that refinancing. Farr attempted to seek financing from a Georgia bank with a USDA loan, but no agreement could be reached as the bank did not want to finance a marina. In fact, Farr approached several financial institutions, but none was willing to finance a marina. Beginning in June, 2015, Farr initiated a conversation with Morganton Federal Savings and Loan about refinancing its debt, but in February 2016, that refinance was declined. Farr has made several efforts to seek modification or refinancing of its secured debt directly from the holders of the secured debt, but each has declined. On January 26, 2016, Reid and Patsy Scott initiated a foreclosure proceeding which necessitated the filing of a second Chapter 11 proceeding, in order to stay the foreclosure and restructure the debt.

By way of further information, attached hereto is a copy of Farr's 2015 tax return, and a balance sheet as of September 30, 2016 (changes in the balance sheet may be made upon review by Farr's CPA at year end).

ASSETS

Farr's business is the operation of the Mountain Harbor Marina on Lake James, North Carolina, and it is in the business of renting boat slips and camper/cabin spaces, as well as providing support by way of groceries, gasoline, etc. to its customers. Farr's primary asset is the 4.5 acre tract on which the marina is located, including the marina store and lounge, a two car garage with apartment, a bathroom building, a two car carport, storage shed and twelve rental spaces. Farr has determined that the present appraised value of the property is \$1,900,000.00, based upon two offers to purchase received by Farr in 2015. Farr does own equipment, machinery, and a 14 foot Carolina skiff, all of which are incidental to the operation of the marina.

FINANCIAL INFORMATION:

Attached are pertinent parts of tax returns for Farr for 2015, a profit and loss comparison for calendar year 2016 to date and 2015, and a balance sheet as of September 30, 2016.

CREDITORS CLAIMS:

SECURED CLAIMS:

(1) Secured claim held by Morganton Savings Bank. The first lien deed of trust is held by Morganton Savings Bank in the amount of \$541,365.98 (no proof of claim filed).

(2) Secured claim held by Reid and Patsy Scott. Reid and Patsy Scott hold a second lien deed of trust secured by the 4.5 acre tract with a balance of \$295,842.31 (no proof of claim filed).

(3) Secured claim held by the Small Business Association. The Small Business Association holds a third lien deed of trust on the 4.5 acre tract with a balance of \$336,422.08 (no claim filed).

OTHER CLAIMS:

Farr is not aware of any other claims held by any creditor, and no proofs of claim have been filed.

EXECUTORY CONTRACTS:

As of the date of the filing of the Petition, Farr had 65 existing contracts for rentals of marina slip space and/or cabins.

THE PLAN OF REORGANIZATION

CLASS 1. ADMINISTRATIVE CLAIMS: The Plan contemplates paying all administrative claims including, but not exclusively, court costs, quarterly fees (if any), accountant(s), attorney(s) for the debtor/debtor-in-possession administrative trade creditors and any other administrative claims so ordered by the Court. These costs are estimated not to exceed approximately \$25,000.00 and will be paid on or before the effective date, or according to a negotiated payment plan if agreed to by an administrative claimant. A retainer towards attorney's fees of \$11,075.00 has already been placed in escrow, pre-petition.

CLASS 2. IMPAIRED SECURED CLAIM OF MORGANTON SAVINGS BANK in the claim amount of \$541,365.98 as of November, 2016 and secured by a first lien Deed of Trust on the 4.5 acre tract, including the real estate known as Mountain Harbor Marina will be paid as an allowed secured claim with interest computed at 4.5% for a period of 13 years from September, 2015. Monthly payments are contemplated to begin in the first full month after confirmation after the effective of the Plan and then on the first of each subsequent month thereafter.

CLASS 3. IMPAIRED SECURED CLAIM OF REID AND PATSY SCOTT. Claim is secured by the 4.5 acre tract, including the real estate known as Mountain Harbor Marina in the amount of \$295,842.31 as of September, 2015. The allowed secured claim will be amortized over 13 years at the rate of 4.0% interest. Monthly payments are contemplated to begin in the first full month after the effective date of the Plan and then on the 20th day of each subsequent month.

CLASS 4. IMPAIRED SECURED CLAIM HELD BY THE SMALL BUSINESS ASSOCIATION. The Small Business Association holds a third lien deed of trust on the 4.5 acre tract, including the marina, and is owed \$336,422.08. The Debtor will maintain regular monthly payments of \$1,526.00 on the secured claim, on contract terms.

CLASS 5. EXECUTORY CONTRACTS. All Executory Contracts for rentals of marine slip space and/or cabins which have not otherwise terminated prior to the date of confirmation of Plan, will be assumed.

DEFINITIONS:

Allowed Claim: An allowed claim is one listed by the debtor on its petition and not designated by the debtor as being contingent/disputed/unliquidated or is a claim filed by or on behalf of the creditor, either of which is not objected to by the debtor or other party-in-interest or, if objected to, allowed by the Court (subject to appeal) in some amount.

Effective Date: Effective date is the date from which payment dates are computed for each class of creditors and the date at which administrative claim amounts are due to be paid unless other treatment is ordered, agreed upon or provided for in the Plan and not objected to. The effective date is 30 from the entering of the order of confirmation unless the Court extends the time due to litigation which might materially affect implementation of the Plan; see below for further description.

PROVISO: Notwithstanding any of the terms and conditions of the Plan, disputed claims shall be paid only upon allowance by the Court. Upon confirmation, the debtor/debtor-in-possession will be re-vested with its assets subject only to all outstanding liens which are not avoidable by the debtor/debtor-in-possession under the provisions of Title 11 of the Code, and entitled to manage its affairs without further orders of this Court. However, subject to the debtor/debtor-in-possession being so re-vested with its assets, the Court will retain jurisdiction until the Plan has been fully consummated and closed, for adversaries, objections to claims, collecting accounts receivables, avoidance actions, post-confirmation rights involving creditors or other matters pending post-confirmation, or as otherwise indicated in this Plan or confirmation order. The debtor/debtor-in-possession specifically reserves the right to object to any and all claims, post-confirmation, and all claims are deemed objected to until the Plan is substantially consummated and closed and/or allowed by the Court.

LIQUIDATION ANALYSIS

If this were a Chapter 7 case, based upon the appraisals established by the Burke County Tax Collector, Farr estimates that the value of the real estate is \$1,900,000.00. If this were a Chapter 7 case, all creditors would be paid in full from liquidation of the assets.

MANAGEMENT AND OWNERSHIP

OWNERSHIP (STOCKHOLDERS): The issued and outstanding common stock is owned by John Aulgur (49 ½%), Jonathan Michael Aulgur (1%) and Laura Aulgur (49 1/2%). All shareholders will retain their ownership interests.

DIRECTORS: The directors of the corporation are Laura Aulgur and John Aulgur.

OFFICERS: The following individuals are officers:

President: Laura Aulgur
Vice President: None
Secretary: John Aulgur

The Plan contemplates that there will be no changes in the officers, directors and management of Farr.

REMEDY OF CREDITOR Remedy of Creditors in event of default: The debtor/debtor-in-possession shall be deemed in default under the terms and provisions of this Plan in the event it fails to carry out any of the terms and provisions imposed upon it by said Plan and said condition is not corrected by it within 45 days after receipt of written notice of default from any creditor owed money hereunder at the time of default. In the event that the debtor/debtor-in-possession shall default under the terms and conditions of this Plan, the creditor hereunder affected by the default may pursue its normal legal non-bankruptcy remedies. Liquidation Proviso:

DISCHARGE Pursuant to 11 USC Sections 1141, any and all amounts due by the debtor/debtor-in-possession to its creditors shall be discharged (upon confirmation). The debtor/debtor-in-possession will issue evidence of indebtedness to the creditors reflecting the confirmed Plan and new indebtedness to the allowed claimants. The discharge proposed in this proceeding is identical in its effect on creditors' claims and debts to the discharge provided for in regular bankruptcy cases pursuant to Sections 524 and 727 of the Bankruptcy Code. Additionally, the injunctive provisions provided for in 11 USC Section 524 are incorporated herein and act as an injunction against any acts by creditors to enforce any and all pre-petition debts/claims.

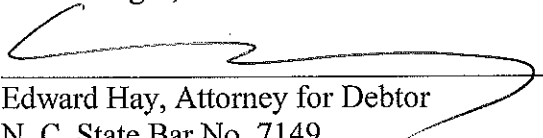
This the ____ day of December, 2016

FARR ENTERPRISES, INC.

Debtor/Debtor-in-Possession

By: S/S Laura Aulgur

Laura Aulgur, President


Edward Hay, Attorney for Debtor

N. C. State Bar No. 7149

Pitts, Hay & Hugenschmidt, P.A.

137 Biltmore Avenue

Asheville, North Carolina 28801

Tel: (828) 254-6315

Fax: (828) 255-8085

1:44 PM

12/02/16

Accrual Basis

Mountain Harbour Marina

Balance Sheet

As of September 30, 2016

	Sep 30, 16
ASSETS	
Current Assets	
Checking/Savings	
First Citizens Checking #2	47,349.31
Petty Cash	1,017.00
Total Checking/Savings	48,366.31
Accounts Receivable	
Accounts Receivable	27,087.55
Total Accounts Receivable	27,087.55
Other Current Assets	
Inventory	10,011.42
Total Other Current Assets	10,011.42
Total Current Assets	85,465.28
Fixed Assets	
Computer Equipment	2,157.81
Boat Trailers	2,599.00
Boats & Motors	26,171.47
Buildings	318,434.71
Electric Gate	18,893.00
Furniture & Fixtures	24,005.39
Land	158,581.13
Land Improvements	104,715.46
Leasehold Improvements	1,700.00
Machinery & Equipment	35,696.30
Excess in Value over Cost	968,287.28
Accumulated Depreciation	-374,609.79
Total Fixed Assets	1,286,631.76
TOTAL ASSETS	1,372,097.04
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
Note Payable SBA	331,377.98
Note Payable-Scotts'	294,126.57
Note Payable-Morganton Federal	516,731.39
Total Long Term Liabilities	1,142,235.94
Total Liabilities	1,142,235.94
Equity	
Capital Contributions	20,584.32
Distributions	-3,350.00
Common Stock	10,000.00
Paid In Equity	126,489.43
Retained Earnings	-37,344.00
Net Income	113,481.35
Total Equity	229,861.10
TOTAL LIABILITIES & EQUITY	1,372,097.04

Not Reviewed by our Accountant

Form **1120S**

U.S. Income Tax Return for an S Corporation

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation. Information about Form 1120S and its separate instructions is at www.irs.gov/form1120s.**2015**Department of the Treasury
Internal Revenue Service

For calendar year 2015 or tax year beginning		ending		Employer identification number	
A S election effective date 01/01/02	TYPE OR PRINT	Name Farr Enterprises, Inc. Mountain Harbor Marina		D	
B Business activity code number (see instructions) 453990		Number, street, and room or suite no. If a P.O. box, see instructions. P O Box 276		E Date incorporated 02/25/1977	
C Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code Nebo NC 28761		F Total assets (see instructions) \$ 1,329,503	

- G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If "Yes," attach Form 2553 if not already filed
- H Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination or revocation
- I Enter the number of shareholders who were shareholders during any part of the tax year **3**

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales	1a	237,647	1c	237,647
	b Returns and allowances	1b		2	44,411
	c Balance. Subtract line 1b from line 1a			3	193,236
	2 Cost of goods sold (attach Form 1125-A)			4	500
	3 Gross profit. Subtract line 2 from line 1c			5	539
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)		See Stmt 1	6	194,275
Deductions (see instructions for limitations)	5 Other income (loss) (see instructions—attach statement)			7	
	6 Total income (loss). Add lines 3 through 5			8	
	7 Compensation of officers (see instructions—attach Form 1125-E)			9	7,453
	8 Salaries and wages (less employment credits)			10	
	9 Repairs and maintenance			11	
	10 Bad debts			12	6,392
	11 Rents			13	66,836
	12 Taxes and licenses			14	20,752
	13 Interest			15	
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			16	544
	15 Depletion (Do not deduct oil and gas depletion.)			17	
	16 Advertising			18	
	17 Pension, profit-sharing, etc., plans			19	58,476
	18 Employee benefit programs		See Stmt 2	20	160,453
	19 Other deductions (attach statement)			21	33,822
20 Total deductions. Add lines 7 through 19					
21 Ordinary business income (loss). Subtract line 20 from line 6					
Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a		22c	
	b Tax from Schedule D (Form 1120S)	22b			
	c Add lines 22a and 22b (see instructions for additional taxes)			23d	
	23a 2015 estimated tax payments and 2014 overpayment credited to 2015	23a		24	
	b Tax deposited with Form 7004	23b		25	
	c Credit for federal tax paid on fuels (attach Form 4136)	23c		26	
	d Add lines 23a through 23c			27	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>				
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed				
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid				
27 Enter amount from line 26 Credited to 2016 estimated tax <input checked="" type="checkbox"/> Refunded <input type="checkbox"/>					

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Sign Here	Signature of officer <i>Thomas A. Ballard</i>	Date 2/19/16	Title President
	Print/Type preparer's name Thomas A. Ballard	Preparer's signature <i>Thomas A. Ballard</i>	Date 02/19/16
	Firm's name Ballard, Surratt & Co., PA	Check <input type="checkbox"/> if self-employed	PTIN P00121784
	Firm's address 50 Salem Street Thomasville, NC 27360-3945	Firm's EIN 56-2105122	Phone no. 336-472-3434

For Paperwork Reduction Act Notice, see separate instructions.

Form **1120S** (2015)

Form 1120S (2015) Farr Enterprises, Inc.		Page 3	
Schedule K Shareholders' Pro Rata Share Items		Total amount	
		1	33,822
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	2	
	2 Net rental real estate income (loss) (attach Form 8825)	3a	
	3a Other gross rental income (loss)	3b	
	b Expenses from other rental activities (attach statement)	3c	
	c Other net rental income (loss). Subtract line 3b from line 3a	4	1
	4 Interest income	5a	
	5 Dividends: a Ordinary dividends	5b	
	b Qualified dividends	6	
	6 Royalties	7	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
Deductions	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8b	
	b Collectibles (28%) gain (loss)	8c	
	c Unrecaptured section 1250 gain (attach statement)	9	
	9 Net section 1231 gain (loss) (attach Form 4797)	10	
10 Other income (loss) (see instructions) Type ▶	11		
Deductions	11 Section 179 deduction (attach Form 4562)	12a	
	12a Charitable contributions	12b	
	b Investment interest expense	12c(2)	
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12d	
Credits	d Other deductions (see instructions) Type ▶	13a	
	13a Low-income housing credit (section 42(j)(5))	13b	
	b Low-income housing credit (other)	13c	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13d	
	d Other rental real estate credits (see instructions) Type ▶	13e	
	e Other rental credits (see instructions) Type ▶	13f	
	f Biofuel producer credit (attach Form 6478)	13g	
Foreign Transactions	g Other credits (see instructions) Type ▶	14a	
	14a Name of country or U.S. possession ▶	14b	
	b Gross income from all sources	14c	
	c Gross income sourced at shareholder level	14d	
	Foreign gross income sourced at corporate level	14e	
	d Passive category	14f	
	e General category	14g	
	f Other (attach statement)	14h	
	Deductions allocated and apportioned at shareholder level	14i	
	g Interest expense	14j	
	h Other	14k	
	Deductions allocated and apportioned at corporate level to foreign source income	14l	
	i Passive category	14m	
	j General category		
k Other (attach statement)			
Other information			
l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued			
m Reduction in taxes available for credit (attach statement)			
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	-4,039
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties – gross income	15d	
	e Oil, gas, and geothermal properties – deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	1,249
	d Distributions (attach statement if required) (see instructions)	16d	3,350
	e Repayment of loans from shareholders	16e	

Form 1120S (2015) **Farr Enterprises, Inc.** Page 5

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: The corporation may be required to file Schedule M-3 (see instructions)

1	Net income (loss) per books	32,574	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize)		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14i (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14i, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$	238			
	Stmt 6	1,011			
		1,249	7	Add lines 5 and 6	
4	Add lines 1 through 3	33,823	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	33,823

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-69,808	
2	Ordinary income from page 1, line 21	33,822	
3	Other additions Stmt 7	1	
4	Loss from page 1, line 21		
5	Other reductions Stmt 8	1,249	
6	Combine lines 1 through 5	-37,234	
7	Distributions other than dividend distributions	3,350	
8	Balance at end of tax year. Subtract line 7 from line 6	-40,584	

Form 1120S (2015)

671113

OMB No. 1545-0123

Schedule K-1
(Form 1120S)
Department of the Treasury
Internal Revenue Service

2015

For calendar year 2015, or tax

year beginning

ending

☐ Final K-1

☐ Amended K-1

Shareholder's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	13	Credits
	16,888		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	-2,017
11	Section 179 deduction	16	Items affecting shareholder basis
		C*	STMT
12	Other deductions	D	1,673
		17	Other information

* See attached statement for additional information.

Part I Information About the Corporation

A Corporation's employer identification number

B Corporation's name, address, city, state, and ZIP code

Farr Enterprises, Inc.

Mountain Harbor Marina

P O Box 276

Nebo

NC 28761

C IRS Center where corporation filed return

Cincinnati, OH 45999

Part II Information About the Shareholder

D Shareholder's identifying number

E Shareholder's name, address, city, state, and ZIP code

John F Aulgur

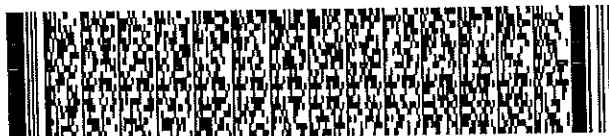
P O Box 276

Nebo

NC 28761

F Shareholder's percentage of stock ownership for tax year

49.932876 %



For IRS Use Only

671113

OMB No. 1545-0123

**Schedule K-1
(Form 1120S)**

Department of the Treasury
Internal Revenue Service

2015

For calendar year 2015, or tax

year beginning

ending

Shareholder's Share of Income, Deductions, Credits, etc.

See back of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number

B Corporation's name, address, city, state, and ZIP code

Farr Enterprises, Inc.
Mountain Harbor Marina
P O Box 276
Nebo NC 28761

C IRS Center where corporation filed return

Cincinnati, OH 45999

Part II Information About the Shareholder

D Shareholder's identifying number

E Shareholder's name, address, city, state, and ZIP code

Jonathan M Aulgur
110 Joy Lane
Fishersville VA 22939

F Shareholder's percentage of stock ownership for tax year

0.134248 %

For IRS Use Only



Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	13	Credits
	45		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Net capital loss (20% gain (loss))		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	-5
11	Section 179 deduction	16	Items affecting shareholder basis
		C*	STMT
12	Other deductions	D	4
		17	Other information

* See attached statement for additional information.

Federal Statements**Statement 1 - Form 1120S, Page 1, Line 5 - Other Income (Loss)**

<u>Description</u>	<u>Amount</u>
Miscellaneous Income	\$ 539
Total	<u>\$ 539</u>

Statement 2 - Form 1120S, Page 1, Line 19 - Other Deductions

<u>Description</u>	<u>Amount</u>
Bank Service Charge	\$ 6
Customer Appreciation	1,167
Customer Lounge	607
Dues & Subscriptions	489
Employee Welfare	500
Insurance	9,963
Internet and Web fees	103
Lawn Maintenance	3,828
Legal and Professional	4,454
Licenses & Permits	39
Merchant Fees	1,267
Mileage Reimbursements	7,623
Miscellaneous	1,269
Moving expenses	1,335
Office Expense	509
Outside Services	6,910
Postage	267
Telephone	2,729
User fees	7,382
Utilities	7,153
Waste Disposal	637
50% of Meals & Entertainment	239
Total	<u>\$ 58,476</u>

Statement 3 - Form 1120S, Page 4, Schedule L, Line 14 - Other Assets

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Excess Land Value over Cost	\$ 968,287	\$ 968,287
Total	<u>\$ 968,287</u>	<u>\$ 968,287</u>

Statement 4 - Form 1120S, Page 4, Schedule L, Line 18 - Other Current Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Payroll Taxes Payable	\$ 126	\$
Sales Taxes Payable		
Total	<u>\$ 126</u>	<u>\$ 0</u>

Federal Statements**John F Aulgur****Schedule K-1, Box 16, Code C - Nondeductible Expenses**

<u>Description</u>	<u>Shareholder Amount</u>
Officer Life Premiums	\$ 505
Page 1 Meals/Entertainment	119
Total	<u>\$ 624</u>

Federal Statements**Jonathan M Aulgur****Schedule K-1, Box 16, Code C - Nondeductible Expenses**

<u>Description</u>	<u>Shareholder Amount</u>
Officer Life Premiums	\$ 1
Page 1 Meals/Entertainment	1
Total	<u>\$ 2</u>

Year Ending December 31, 2015

Farr Enterprises, Inc.
P O Box 276
Nebo, NC 28761

**Electing out of the Bonus Depreciation Allowance for
All Eligible Depreciable Property**

The taxpayer elects out of the first-year bonus depreciation allowance under IRC Section 168(k) for all eligible asset classes of depreciable property acquired after December 31, 2007. This election applies to all eligible depreciable property placed in service during the tax year.

CD-479 (42)
10-22-13

Business Corporation Annual Report

Name of Business Corporation: FARR ENTERPRISES, INC.

Secretary of State ID: [REDACTED]

State of Formation: NC

Fiscal Year Ending: 12 31 15

☐ I hereby certify that an annual report completed in its entirety has been submitted and the information requested below (required by NCGS 55-16-22) has not changed and is therefore complete.

Section A: Registered Agent's Information

1. Name of Registered Agent: LAURA M AULGUR

2. Signature of the New Registered Agent:

(Signature constitutes consent to the appointment)

3. Registered Office Street Address & County

9066 NC HWY 126
BURKE NEBO NC 28761

4. Registered Office Mailing Address

9066 NC HWY 126
NEBO NC 28761

Section B: Principal Office Information

1. Description of Nature of Business: MARINA

2. Principal Office Phone Number: 828-584-0666

3. Principal Office Email: JAULGUR@BELLSOUTH.NE

4. Principal Office Street Address & County

9066 NC HWY 126
BURKE NEBO NC 28761

5. Principal Office Mailing Address

9066 NC HWY 126
NEBO NC 28761

Section C: Officers (Enter additional Officers in Section E.)

Name: JOHN F AULGUR

Name: LAURA M AULGUR

Name:

Title: SECRETARY

Title: PRESIDENT

Title:

Address: P O BOX 276
NEBO
NC 28761

Address: P O BOX 276
NEBO
NC 28761

Address:

Section D: Certification of Annual Report Section D must be completed in its entirety and signed by a person listed under Section C, or a person signing for an entity listed under Section C.

Signature (Form must be signed by an officer of corporation)

Date

LAURA AULGUR

Print or Type Name of Officer

PRESIDENT/TREASURER

Title

CD-401S 2015 Page 2 (42)

Legal Name (Last 10 Characters)	FARR ENTER	Federal Employer ID Number	
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CD-401S Line-by-Line Information

Sch. B Computation of Corporate Income Tax		6. Acc. depreciation, depletion, and amortization with respect to N.C. tangible property 374610	
19. Amount of Line 18 Attributable to Nonresidents Filing Composite 0		7. Debts existing for N.C. real estate 172556	
20. Separately Stated Items of Income Attributable to Nonresidents Filing Composite 0		8. Investment in N.C. Tangible Property 154099	
21. N.C. Income Tax 0		Sch. E Appraised Value of N.C. Tangible Property	
22. Annual Report Fee (\$25.00) 25		1. County tax value of N.C. tangible property 703639	
23. Add Lines 21 and 22 25		2. Appraised value of N.C. tangible property 387001	
24. Payments and Credits		Sch. F Other Information - All Taxpayers Must Complete Schedule	
a. Income Tax Extension 0		1. a. State of Incorporation NC	
b. Other Prepayments of Tax 0		b. Date incorporated 02 25 77	
c. Partnership (Include Form D-403, NC K-1) 0		2. Date of N.C. Certificate of Authority 02 25 77	
d. Nonresident W/holding (Include 1099/W-2) 0		3. Trade or business: a. In N.C. RETAIL	
e. Tax Credits 0		b. Everywhere RETAIL	
25. Add Lines 24a through 24e 0		4. Principal place of business NEBO NC	
26. Income Tax Due 25		5. a. What was the last year the IRS redetermined the corporation's federal taxable income?	
27. Income Tax Overpaid 0		b. Were adjustments reported to N.C.?	
Tax Due or Refund		c. If so, when?	
28. Franchise Tax Due or Overpayment 581		6. Is corporation subject to franchise tax but not N.C. income tax because its' income tax activities are protected? (If yes, attach explanation) N	
29. Income Tax Due or Overpayment 25		Sch. G Ordinary Income (Loss) from Trade or Business Activities	
30. Balance of Tax Due or Overpayment 606		1. a. Gross receipts or sales 237647	
31. a. Interest 0		b. Returns and allowances 0	
b. Penalties 0		c. Balance - Line 1a minus Line 1b 237647	
c. Add Lines 31a and 31b 0		2. Cost of goods sold (Attach schedule) STMT 1 44411	
32. Total Due 606		3. Gross Profit (Line 1c minus Line 2) 193236	
33. Amount to be Refunded 0		4. Net gain (loss) (Attach schedule) SEE ATT 500	
Sch. C Capital Stock, Surplus, and Undivided Profits		5. Other income (loss) (Attach schedule) STMT 2 539	
1. Total capital stock outstanding less cost of treasury stock 10000		6. Total Income (Loss) 194275	
2. Paid-in or capital surplus -87946		7. Compensation of officers (Attach schedule) STMT 3 0	
3. Retained earnings 194435		8. Salaries and wages (less employment credits) 0	
4. Other surplus 0		9. Repairs and maintenance 7453	
5. Deferred or unearned income 0		10. Bad debts 0	
6. Allowance for bad debts 0		11. Rents 0	
7. LIFO reserves 0		12. Taxes and licenses STMT 4 6392	
8. Other reserves that do not represent definite and accrued legal liabilities (Attach schedule) 0		13. Interest 66836	
9. Add Lines 1 through 8 116489		14. a. Depreciation 20752	
10. Affiliated indebtedness (Attach schedule) 0		b. Depreciation included in cost of goods sold 0	
11. Line 9 plus (or minus) Line 10 116489		c. Balance - Line 14a minus 14b 20752	
12. Apportionment factor 100.0000%		15. Depletion 0	
13. Capital Stock, Surplus, and Undivided Profits 116489		16. Advertising 544	
Sch. D Investment in N.C. Tangible Property		17. Pension, profit-sharing, and similar plans 0	
Inventory valuation method LCM		18. Employee benefit programs 0	
1. Total inventories located in N.C. 10011		19. Other deductions (Attach schedule) STMT 5 58476	
2. Total furniture, fixtures, and M & E located in N.C. 109523		20. Total Deductions 160453	
3. Total land and buildings located in N.C. 477016		21. Ordinary Business Income (Loss) 33822	
4. Total leasehold improvements and other N.C. tangible property 104715		Sch. H Computation of Income (Loss)	
5. Add Lines 1 through 4 701265		1. Ordinary business income (loss) 33822	
		2. Net rental real estate income (loss) 0	

CD-401S 2015 Page 4 (42)

Legal Name (Last 10 Characters)

FARR ENTER

Federal Employer ID Number

Sch. L Balance Sheet per Books

Assets	Beginning of Tax Year		End of Tax Year	
	(a)	(b)	(c)	(d)
1. Cash		5506		21630
2. a. Trade notes and accounts receivable	16100		12931	
b. Less allowance for bad debts	(0)	16100	(0)	12931
3. Inventories		16263		10011
4. a. U.S. government obligations		0		0
b. State and other obligations		0		0
5. Tax-exempt securities		0		0
6. Other current assets (Attach schedule)		0		0
7. Loans to shareholders		0		0
8. Mortgage and real estate loans		0		0
9. Other investments (Attach schedule)		0		0
10. a. Buildings and other depreciable assets	532410		532673	
b. Less accumulated depreciation	(354855)	177555	(374610)	158063
11. a. Depletable assets	0		0	
b. Less accumulated depletion	(0)	0	(0)	0
12. Land (net of any amortization)		158581		158581
13. a. Intangible assets (amortizable only)	0		0	
b. Less accumulated amortization	(0)	0	(0)	0
14. Other assets (Attach schedule)	STMT 6	968287		968287
15. Total Assets		1342292		1329503
Liabilities and Shareholders' Equity				
16. Accounts payable		500		787
17. Mortgages, notes, and bonds payable in less than 1 year		60394		62600
18. Other current liabilities (Attach schedule)	STMT 7	126		0
19. Loans from shareholders		0		0
20. Mortgages, notes, and bonds payable in 1 year or more		1205637		1149627
21. Other liabilities (Attach schedule)		0		0
22. Capital stocks		10000		10000
23. Additional paid-in capital		135443		147073
24. Retained earnings		165211		194435
25. Adjustments to shareholders' equity (Attach schedule)	STMT 8	-235019		-235019
26. Less cost of treasury stock		(0)		(0)
27. Total Liabilities and Shareholders' Equity		1342292		1329503

Sch. M-1 Federal Schedule

1. Net income (loss) per books	32574	5. Income recorded on books this year not included on Federal Sch. K, Lines 1 through 10 (itemize):	
2. Income included on Federal Sch. K, Lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9 and 10 not recorded on books this year (itemize):		Tax-exempt interest	0
	0		0
3. Expenses recorded on books this year not included on Federal Sch. K, Lines 1 through 12, and 14l (itemize):		6. Deductions included on Federal Sch. K, Lines 1 through 12, 14l not charged against book income this year (itemize):	
a. Depreciation	0	Depreciation	0
b. Travel and entertainment	238		0
STMT 9	1011	7. Add Lines 5 and 6	0
4. Add Lines 1 through 3	33823	8. Income or Loss (Fed. Sch. K, Line 18)	33823

This page must be filed with the first page of Form CD-401S.

Legal Name FARR ENTER

Federal Employer ID Number [REDACTED]

Sch. K Shareholders' Shares of Income, Adjustments, and Tax Credits (Continued)

	Shareholder 3	Shareholder	Shareholder	Shareholder
1. Identifying Number	[REDACTED]			
2. Name	JONATHAN M AULGU			
3. a. Address	110 JOY LANE FISHERSVILLE VA			
b. Is shareholder a nonresident	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Ownership %	0.1342%	%	%	%
5. Share of income (loss)	45	0	0	0
6. Additions to income (loss)	0	0	0	0
7. Deductions from income (loss)	0	0	0	0
8. Income subject to N.C. tax	45	0	0	0
9. Share of tax credits	0	0	0	0
10. Tax withheld from nonwage comp	0	0	0	0
11. Amount of Line 8 apportioned or allocated to N.C. (nonresidents only)	45	0	0	0
12. Separately stated items of income (nonresidents only)	0	0	0	0
13. Net tax paid for shareholder by corporation (nonresidents only)	0	0	0	0
14. Is the corporation filing a Nonresident Shareholder Agreement, Form NC-NA, for this shareholder with this return?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
15. Has the corporation filed a Nonresident Shareholder Agreement, Form NC-NA, for this shareholder in a previous tax year?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

If yes, what tax year?

	Shareholder	Shareholder	Shareholder	Shareholder
1. Identifying Number				
2. Name				
3. a. Address				
b. Is shareholder a nonresident	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Ownership %	%	%	%	%
5. Share of income (loss)	0	0	0	0
6. Additions to income (loss)	0	0	0	0
7. Deductions from income (loss)	0	0	0	0
8. Income subject to N.C. tax	0	0	0	0
9. Share of tax credits	0	0	0	0
10. Tax withheld from nonwage comp	0	0	0	0
11. Amount of Line 8 apportioned or allocated to N.C. (nonresidents only)	0	0	0	0
12. Separately stated items of income (nonresidents only)	0	0	0	0
13. Net tax paid for shareholder by corporation (nonresidents only)	0	0	0	0
14. Is the corporation filing a Nonresident Shareholder Agreement, Form NC-NA, for this shareholder with this return?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
15. Has the corporation filed a Nonresident Shareholder Agreement, Form NC-NA, for this shareholder in a previous tax year?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

If yes, what tax year?

NC K-1 (42)
(CD-401S)
11-4-15

**Shareholder's Share of
N.C. Income, Adjustments, and Credits**
North Carolina Department of Revenue

For calendar year 2015 or other year starting 15 and ending

Part. 1 Information about the Corporation	Part. 2 Information about the Shareholder
A. Corporation's Employer Identification Number 560000000	A. Shareholder's Identifying Number 571500000
B. Corporation's Name, Address, and Zip Code FARR ENTERPRISES, INC. MOUNTAIN HARBOR MARINA P O BOX 276 NEBO NC 28761	B. Shareholder's Name, Address, and Zip Code LAURA M AULGUR P O BOX 276 NEBO NC 28761
	C. Shareholder's percentage of stock ownership for tax year 49.9329 %

Part 3. Shareholder's Pro Rata Share Items	Amount	Individuals Filing Form D-400 Enter Amount on:
All Shareholders		
1. Share of corporation income (loss)	16889	This amount should already be included in federal taxable income
2. Additions to income (loss)	0	D-400, Schedule S; Line 4
3. Deductions from income (loss)	0	D-400, Schedule S; Line 12
4. Share of tax credits	0	D-400TC; see D-400 Instructions
5. Share of tax withheld from nonwage compensation paid for personal services performed in N.C.	0	D-400; Line 20
Nonresidents Only		
6. Nonresident's share of N.C. taxable income (loss)	0	See D-400 Instructions
7. Nonresident's share of separately stated items of income	0	This amount should already be included in federal taxable income
8. Nonresident's share of net tax paid by the S Corporation	0	D-400; Line 21d

Attach additional NC K-1s if needed.

North Carolina Statements**Statement 1 - Form CD-401S, Page 2, Schedule G, Line 2 - Cost of Goods Sold**

Description	Amount
Beginning Inventory	\$ 16,263
Purchases	38,159
Less: Ending Inventory	-10,011
Total	<u>\$ 44,411</u>

Statement 2 - Form CD-401S, Page 2, Schedule G, Line 5 - Other Income (Loss)

Description	Amount
Miscellaneous Income	\$ 539
Total	<u>\$ 539</u>

Statement 3 - Form CD-401S, Page 2, Schedule G, Line 7 - Compensation of Officers

Officer Name	Compensation
John F Aulgur	\$
Laura M Aulgur	
Total	<u>\$ 0</u>

Statement 4 - Form CD-401S, Page 2, Schedule G, Line 12 - Taxes and Licenses

Description	Amount
Franchise	\$ 616
Local Property Taxes	5,434
Sales	342
Total	<u>\$ 6,392</u>

North Carolina Statements**Statement 9 - Form CD-401S, Page 4, Schedule M-1, Line 3b - Expenses Recorded on Books,
Not Return**

<u>Description</u>	<u>Amount</u>
Officer Life Ins Premiums	\$ 1,011
Total	\$ 1,011

Statement 10 - Form CD-401S, Page 5, Schedule M-2, Line 3 - NC AAA Other Additions

<u>Description</u>	<u>Amount</u>
Interest Income	\$ 1
Total	\$ 1

Statement 11 - Form CD-401S, Page 5, Schedule M-2, Line 5 - NC AAA Other Reductions

<u>Description</u>	<u>Amount</u>
Officer Life Ins Premiums	\$ 1,011
Meals & Entertainment	238
Total	\$ 1,249

NOT REVIEWED BY COURT
Document Page 26 of 27

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12/18/16

Accrual Basis

Mountain Harbour Marina

Profit & Loss

January through September 2016

	Jan - Sep 16
Ordinary Income/Expense	
Income	
sales tax	313.06
P. Food	574.89
sports equipment	560.72
misc income	315.11
Bait Sales	389.04
Food Sales	874.32
Gas Sales	55,661.79
Labor	81.50
Misc Sales	1,259.28
Oil Sales	630.03
Rental Income	160,536.06
Store Sales	11,514.78
Tackle Sales	80.36
Total Income	232,790.94
Cost of Goods Sold	
Bait	531.75
Batteries	656.90
Gas	24,670.64
Oil	123.50
Store Items	
Food	1,394.31
Store Items - Other	1,558.42
Total Store Items	2,952.73
Total COGS	28,935.52
Gross Profit	203,855.42
Expense	
Customer Lounge	1,093.66
employee gifts	216.76
Waste Disposal	557.40
Lawn	5,209.00
Merchant Fees	626.24
Internet	48.04
User Fees	7,662.74
Web Page	121.28
Equipment	250.00
Advertising	475.00
Bank Service Charges	34.00
Donation	49.70
Dues and Subscriptions	209.67
e Food	3,785.89
Insurance	3,300.00
Insurance -Property	8,879.22
Licenses and Permits	33.00
Maintenance	18,708.24
Mileage Expense	6,727.78
Miscellaneous	1,753.41
Office Supplies	1,018.48
Outside Labor	4,280.00
Postage and Delivery	239.73
Professional Fees	
Accounting	2,350.00
Legal Fees	16,717.00
Total Professional Fees	19,067.00

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12/18/16

Accrual Basis

Mountain Harbour Marina
Profit & Loss
January through September 2016

	Jan - Sep 16
Repairs	
Building Repairs	900.00
Equipment Repairs	410.00
Total Repairs	1,310.00
Repairs Dock	6,156.40
Taxes	
Property	5,346.87
sales	906.49
Total Taxes	6,253.36
Telephone	2,031.32
Travel & Ent	
Meals	282.53
Total Travel & Ent	282.53
Utilities	
Gas and Electric	4,767.80
Utilities - Other	1,128.40
Total Utilities	5,896.20
Total Expense	106,276.05
Net Ordinary Income	97,579.37
Other Income/Expense	
Other Income	
Interest Income	1.98
Other Income	15,900.00
Total Other Income	15,901.98
Other Expense	
Other Expenses	0.00
Total Other Expense	0.00
Net Other Income	15,901.98
Net Income	113,481.35